

MILWAUKEE JOURNAL WI.
14 March, 1985

Rewald's CIA claim before court

Back problems will keep Ronald Rewald from a federal courtroom in Honolulu Friday, during legal proceedings that may determine whether his connections with the CIA will ever be aired in a court of law.

It will be an important court hearing for the former Milwaukeean, who is facing trial later on 100 federal counts of fraud, tax evasion and perjury.

Rewald argues that his now-bankrupt Honolulu investment firm, Bishop, Baldwin, Rewald, Dillingham and Wong, was largely a creature of the CIA. The government contends that Rewald's CIA contacts were minimal.

At stake Friday is the legal relevance of his CIA defense. Federal Judge Harold M. Fong is expected to rule on the question of whether Rewald's CIA connections — even if as substantial as suggested by Rewald and a number of his associates — are relevant to his defense against the specific charges in the indictment.

If Fong rules that the claims about the CIA are not relevant, even if true, then Rewald's defense collapses, according to legal experts familiar with the case.

The reverberations from the CIA-connected activities of Rewald's firm are still being felt around the Pacific basin, where the firm's activities were centered. In the past two weeks, for example, news about the firm's purported CIA ties in Australia and New Zealand has been front-page material in newspapers of those countries.

Also being argued Friday are three defense motions involving the CIA. One is Rewald's request for access to more than 1,000 CIA documents, papers he says would substantiate his claims about the extent to which he was carrying out CIA business. The documents are now secret.

The other two motions are defense claims of a conflict of interest, or at least an appearance of one, against a member of the prosecution team.

Defense attorney Michael Levine has asked Fong to disqualify Asst. US Atty. John Peyton from the prosecution team, or to dismiss the charges.

Peyton can't prosecute Rewald fairly, Levine argues, because of his close ties with the CIA. Before joining the Justice Department, Peyton was chief of litigation for the CIA. He also has acted as counsel for the CIA in regard to Rewald's claims for access to CIA documents.

Peyton arrived in Honolulu to begin working as a US attorney there in August 1983, just two days after Rewald attempted suicide.

Rewald says Peyton was sent to Honolulu to protect the CIA from the fallout caused by the collapse of Rewald's firm. The government's position is that Peyton's arrival in Honolulu at that time was a coincidence.